

May 2, 1975

SENATOR MURPHY: No, if you will read that a little more carefully, Senator. Earlier in that bill it designates the transactions that can be entered into. If you'll read the first part of the sentence you're reading that says only, it says "such", referring back to the specific functions permitted in this bill. "Such bank functions only will be permitted". I think you're trying to read it a little bit backwards. If you will refer back to the reference that "such" refers to, it is the banking transactions specified . . . the limited transactions specified in this bill. It says "such transactions only".

SENATOR GOODRICH: Yeah, I read what you're saying. In other words, I get what you're saying alright. But I'm concerned that this one actually does, by having the word "only" there, establish that only banks can participate in this thing.

SENATOR MURPHY: I would say at this moment, Senator Goodrich, that's exactly the intent. The way you're reading that is out of context, but certainly it is the intent that in as much as we can only control the banks, that it would destroy the bill to include a Federal agency that we can't control in that same facility. Now we don't want to clobber this up and get into the situation that we're into with escrow accounts.

SENATOR GOODRICH: Now the one other thing you indicated a while ago that we cannot control a Federal savings and loan. You have an Attorney General's opinion, apparently, to the effect that we can . . . I'm suggesting . . .

SENATOR MURPHY: It's in your Journal for this year and last year.

SENATOR GOODRICH: I'm suggesting, Senator Murphy, that a Federal savings and loan association will not deliberately violate the state law. They will not disregard a cease and desist order from the State Banking Director. It's my opinion that we do, in spite of the Attorney General's opinion to the contrary possibly, have some control over Federal savings and loans.

SENATOR MURPHY: You are speaking directly in contrast with the Attorney General on this escrow account who has said twice this state cannot do a blessed thing about the fact that they wish to continue abusing this escrow thing at about 200 percent of their needed funding of it. Senator Barnett has raised a bill to try and bring it back. Norm Otto had to file a class action suit. So I'm afraid I'm not going to go along with what you're saying about the intent and beautification of Federal savings and loans. They're going to do just exactly what they want to do until the Federal government tells them otherwise.

SENATOR GOODRICH: I think it's probably best way to solve this would be for us to put a statute on the books and find out if we can control them or not.

SENATOR MURPHY: May I suggest we do that in another statute and attach it to one of the savings and loan bills that are coming along.